

COMPILING OF THE 2016 / 2017 ADJUSTMENT BUDGET DUE TO UNFORESEEABLE / UNAVOIDABLE EXPENDITURE (5/1/1 - 2016/2017) (CHIEF FINANCIAL OFFICER)

Purpose of Report

The purpose of the report is to submit an adjustment budget for 2016/2017 to Council for consideration.

Background

Attached to this report as Annexure A is a full report from the Department of Engineering Services.

In terms of section 29 of the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003), the Mayor authorise in an emergency or other exceptional circumstances, unforeseeable and unavoidable expenditure for which no provision were made in the approved budget and must the expenditure be reported to the municipal council at the next meeting and must it be appropriated in an adjustment budget.

An additional project: *Water Purification Bonnievale* was incorporated on the 2016 / 2017 capital budget to accommodate the unforeseeable/unavoidable expenditure and therefore the attached Adjustment Budget has been compiled and is submitted to Council for consideration.

Legal Framework

Section 28 of the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003) stipulates as follows:

Municipal adjustments budgets

28. (1) A municipality may revise an approved annual budget through an adjustments budget.
- (2) An adjustments budget —
 - (a) must adjust the revenue and expenditure estimates downwards if there is material under-collection of revenue during the budget year;
 - (b) may appropriate additional revenues that have become available, over and above those anticipated in the annual budget, but only to revise or accelerate spending programmes already budgeted for;
 - (c) **may, within a prescribed framework, authorise unforeseeable and unavoidable expenditure recommended by the mayor of the municipality;**
 - (d) may authorise the utilisation of projected savings in one vote towards spending under another vote;
 - (e) may authorise the spending of funds that were unspent at the end of the financial year preceding the budget year, where the under-spending could not reasonably have been foreseen at the time when the annual budget for the budget year was approved by the council;
 - (f) may correct any errors in the annual budget; and
 - (g) may provide for any other expenditure within a prescribed framework.

Section 23(4) of the Municipal Budget and Reporting Regulation read as follows:

"An adjustment budget referred to in section 28(2)(c) of the Act must be tabled at the first available opportunity after the unforeseeable and unavoidable expenditure contemplated in that section was incurred and within the time period set in section 29(3) of the Act. (60days)"

Comments

The following adjustments to the 2016 /2017 capital budget are proposed:

CAPITAL BUDGET

PROJECTS TO BE IMPLEMENTED

PROJECT	AMOUNT
Water Purification Bonnievale	R 269 200

The adjustment budget for 2016 / 2017 is referred to Council to ensure that the Municipality complies with Section 23 of the Municipal Budget & Reporting Regulations, which indicate the timeframes for tabling of adjustment budgets.

Aanbeveling / Recommendation

That the Adjustment budget for 2016 / 2017 as submitted be approved.

Dat die Aansuiweringsbegroting vir 2016 / 2017 soos voorgelê, goedgekeur word.

**Hierdie item het voor `n Statutêre Vergadering van die Raad gedien op 23 Mei 2017
This item served before a Statutory Meeting of Council on 23 May 2017
Eenparig Besluit / Unanimously Resolved**

That the Adjustment budget for 2016 / 2017 as submitted be approved.

Dat die Aansuiweringsbegroting vir 2016 / 2017 soos voorgelê, goedgekeur word.